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## EDC sees Newfoundland exports raising rise by 2pct in 2010

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According to a provincial export outlook by Export Development Canada, Newfoundland and Labrador's international exports will rise by a slight 2% in 2010.

Supporting the overall growth in 2010 will be global improvements in prices for crude oil, base metals and shellfish, and a slight firming of demand overall, but the gains will be hampered by declining energy output despite the addition of satellite fields.

Mr Peter Hall chief economist at EDC said that "A recovery in most prices related to Newfoundland's economy next year will give exports a lift, but gains will be moderated by further declines in oil production and still lackluster global demand. While there is growth next year, it will be mostly flat and volume based."

He added that "Energy exports, which represent over three quarters of total foreign sales for the province, are set to fall 49% this year. The stunning decline is driven by a drop in average crude oil prices, from USD 100 a barrel in 2008 to USD 57 a barrel in 2009, and declining production at the Hibernia."

In 2010, weaker crude production is forecast to partly offset higher prices and a slightly weaker Canadian dollar, resulting in a 1% drop in energy exports. On a more positive note, despite discouraging credit conditions, construction on the Hebron project is still scheduled to start in 2012. Industrial goods are the second largest export sector for Newfoundland, accounting for 14.8% of the province's total.

Mr Hall said that "Exports of iron ore, the main component of industrial goods shipments, were stronger than expected in the first half of this year, but the outlook for the remainder of the year, and into 2010, is considerably more negative."

EDC expects industrial goods exports to fall 36% this year before rising 19% in 2010. The agrifood sector accounts for 6% of the province's exports. While still facing significant headwinds, the sector will not be hit quite as hard as others despite low prices for shrimp and crab, two of the province's main cash species.

Mr Hall said that "What would have been a sharp export decline was moderated by the development of the salmon aquaculture sector, which is benefiting from the misfortunes of Chilean farmed salmon producers."

Canadian exports are forecast to contract 23% in 2009 before rebounding 6% in 2010. Nationally, economic growth is expected to fall by 2.3% in 2009 with an upturn to 1.9% in 2010. Internationally, EDC is forecasting a decline of 1.3% in 2009 and 2.9% growth in 2010.

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